

Streetcar System Sponsorship and Advertising Review

Introduction

Portland Streetcar, Inc. (PSI) partnered with BERK Consulting to review best practices for private sector involvement—including sponsorship and advertising—on modern streetcar systems in North America.

The purpose of this review is to help the City of Seattle and private-sector supporters of the Seattle Streetcar understand the degree to which a more robust sponsorship or advertising program could support the streetcar system and specifically the proposed Central City Connector project. How much money can a sponsorship program generate toward operating costs?

PSI reviewed detailed information about the state of sponsorship and advertising programs from 11 transit systems, predominantly modern streetcars but also other city-owned surface rail transit systems such as San Francisco’s Muni and historic systems such as Philadelphia’s SEPTA (see Exhibit 1).

Exhibit 1. Transit Systems Contacted

Modern Streetcar	Historic Streetcar
Atlanta, GA	Southeastern Pennsylvania Transportation Authority (SEPTA) - Philadelphia, PA
Cincinnati, OH*	TECO Line Streetcar System - Tampa Bay, FL
Kansas City, MO	San Francisco Municipal Transportation Agency (SFMTA) – San Francisco, CA
Washington, D.C.	Toronto Transportation Commission (TTC) Streetcar - Toronto, ON
Oklahoma City, OK	
Portland, OR	
Seattle, WA	
Tucson, AZ	

Note: *No response provided.

Source: PSI, 2019.

This report summarizes key findings and a review of existing sponsorship and advertising programs in North America, starting with a discussion of Seattle.

Key Findings

- Modern streetcar systems are unique in that they have mostly positioned themselves as **public-private partnerships**. Unlike most other transit investments in North America, this structure requires significant participation from the private sector for both capital and operating costs.
- Streetcar systems are also unique in that they **tend to be owned and operated by cities**—not transit agencies—and have established sponsorship and advertising practices with the explicit goal of providing a venue for curated private sector support of the systems.
- Sponsorship programs are an effective way to raise a modest amount of funding to support streetcar operations but **should not be the only tool for engaging a city’s private sector** in growing the streetcar system. Cities should consider the degree to which obtaining one large sponsor versus many smaller sponsors demonstrates private sector support.
- Agencies cover between 2% to 20% of total operating costs with sponsorship and advertising sales (see Exhibit 2)**. Larger transit agencies tend to cover significantly less as a percentage due to the size of the overall operating budget relative to total sponsorship and advertising exposure. This should inform public sector expectations about how much revenue is available.
- Agencies **manage sponsorship** and advertising programs differently. Many systems contract to a third-party for a fixed revenue share, while others manage programs in-house with city or agency staff. There does not appear to be a consistent difference in revenue generation between the two approaches. City-run programs retain more control of content and visual display and require dedicated staff and resources.
- Seattle Streetcar’s program is modestly successful in that revenue is generated with minimal staff effort. However, **many assets remain unsponsored**, meaning there is room to further promote and grow the program.
- Identifying local or curated sponsors grows more difficult with time**. Many community partners engage in sponsorships at the outset of streetcar operations or grand opening as a demonstration of support, but that excitement dissipates over time.

Exhibit 2. System Operating Costs and Potential and Actual Revenue as a Share of Costs

City	2018 Operating Costs (Rounded)	Potential Annual Revenue	Share of Operating Cost	Actual Revenue	Share of Operating Cost
Seattle	\$10,500,000	\$1,572,000	15.0%	\$400,000	3.8%
Portland	\$14,400,000	\$942,000	6.5%	\$371,250	2.6%
Kansas City	\$5,500,000	\$780,000	14.2%	\$225,000	4.1%
Oklahoma City	\$3,200,000	TBD	N/A	\$539,000	16.8%
Milwaukee	\$4,300,000	\$1,673,333	38.9%	\$833,333	19.4%
Tucson	\$6,000,000	\$280,000	4.7%	\$280,000	4.7%

Source: Conversations with agency staff.

Summary of Sponsorship/Advertising Programs

MODERN STREETCAR SYSTEMS

Seattle

The City of Seattle has managed its sponsorship program in-house with Seattle Department of Transportation (SDOT) staff since the system opened in 2007 with three cars and seven stations. The system has since expanded to include 10 streetcars and 17 stations on two lines.

While staffing has changed over time, it is presently the responsibility of the Streetcar Operations Manager who also manages all aspects of the day-to-day service in partnership with King County Metro.

Seattle offers sponsorship of the exterior and interior of streetcars and at stations. A streetcar sponsorship is advertised at \$90,000/year per car and includes the opportunity for a full exterior wrap. Stations are also available for sponsorship, advertised at \$2,000 - \$3,000/month depending on location. Interior panels are available for \$500/month.

Amazon committed to sponsor a car for 10 years at \$200,000/year; however, the City does not count the revenue as sponsorship because the funds directly support increased service on the South Lake Union line.

The sponsorship opportunity and pricing are posted online. SDOT staff facilitate sponsorships if requested, but they do not actively market the program due to limited time available given the Manager's other responsibilities.

Exhibit 3 summarizes the total assets available for sponsorship, along with the potential and actual annual revenues. While the program could potentially generate \$1.6 million per year, SDOT sold \$400,000 in sponsorship in 2018. This came from \$312,000 in sponsorships on the South Lake Union line and \$88,000 on First Hill. Printing and installation of wraps or other treatments cost \$90,000 netting the agency \$310,000 in FY 18/19.

Exhibit 3. Seattle Streetcar Assets and Potential Annual Revenue at Current Pricing

Seattle Streetcar Asset	Quantity	Price/Year	Annual Revenue
Streetcars	10	\$90,000	\$900,000
Interior Panels	10	\$6,000	\$60,000
Stations	17	\$36,000	\$612,000
Potential annual revenue			\$1,572,000
Actual annual revenue, FY 2018/19			\$400,000

Source: SDOT staff, 2019.

Portland Streetcar

The City of Portland owns the [Portland Streetcar](#), but operations assistance including a sponsorship program are managed through a contract with the non-profit Portland Streetcar, Inc. Portland Streetcar, Inc. markets sponsorship opportunities in-house with 0.50 FTE of staff time. Sponsorships are available on cars (17) and stations (72).

Streetcars are available for sponsorship at \$30,000 per year and stations are available for \$6,000 per year. There is a one-year minimum for both cars and stations, and each contract is negotiated individually.



Currently, sponsors are limited to having only their logo displayed in white on each side of their car (see photo). Car sponsorship also includes four two-sided 12" x 20" interior signage locations. Station sponsorships include the sponsor's name on each side of the shelter (see photo) and a 20" x 10" signage location. Audio announcements are included in both sponsorships.

Fiscal Year 2018/19 ended with 46% of shelters sponsored (\$90,550) and 76% of vehicles sponsored (\$280,700) for a total of \$371,250.

While not a streetcar system, the regional transit provider TriMet operates bus and light rail operations in Portland and contracts with Lamar Advertising for ad placements on their assets for a Minimum Annual Guarantee worth roughly \$3.8 million per year.



Portland Streetcar Asset	Quantity	Price/Year	Annual Revenue
Streetcars	17	\$30,000	\$510,000
Stations	72	\$6,000	\$432,000
Potential annual revenue			\$942,000
Actual annual revenue, FY 2018/19			\$371,250

Kansas City Streetcar

The City of Kansas City, Missouri owns [KC Streetcar](#); operations and maintenance, including the sponsorship program, are managed through a contract with the non-profit KC Streetcar Authority.

The KC Streetcar Authority markets sponsorship and advertising opportunities in-house with 0.33 FTE of staff time. Sponsorships are available on cars (4) and stations (13). All four active streetcars have been sponsored by Sprint since the system opened in 2016, most recently garnering \$225,000 annually. The sponsorship space for Sprint is limited to their brand on two windows per streetcar. One additional streetcar arrived in Kansas City this year, with another one on the way in late summer 2019. The two additional streetcars will be marketed at \$50,000/year each for sponsorship.

Streetcar stops are available for sponsorship for between \$15,000 and \$35,000 per year with most stops sponsored at this time. It is worth noting that streetcar stations in Kansas City are significantly larger and provide more advertising space compared to the minimalist stations in Portland and Seattle.

The KC Streetcar Authority is a community partner and supports local sporting teams or special events with creative wraps produced in partnership with the existing car sponsor on the exterior of the streetcar. While the promotions generate significant media and community attention, they are not presently a revenue-producing program.



Kansas City Streetcar Asset	Quantity	Price/Year	Annual Revenue
Streetcars (already sponsored)	4		\$225,000
Streetcars (on the way)	2	\$50,000	\$100,000
Stations	13	\$15,000-\$35,000	\$195,000-\$455,000
Potential annual revenue			\$520,000-\$780,000
Actual annual revenue			\$225,000

Oklahoma City Streetcar

Day to day operations and maintenance for the [OKC Streetcar](#) are contracted out to Herzog Transit Services, Inc. (HTSI). The streetcar is a member of the EMBARK family of multi-modal transit services, who manage the HTSI contract and the streetcar sponsorship program in partnership with a transit advertising firm (Houck Transit Advertising). Houck is responsible for securing sponsorships on stations and vehicles.

Oklahoma City has seven streetcars and 22 stations available for sponsorship. As of June 2019, 91% of the stations were sponsored, generating \$539,000 in revenue to support the streetcar. The City has a three-year minimum for sponsoring shelters, and today it has one ten-year commitment and several five-year commitments. None of the streetcars are currently sponsored as the program is just now being implemented.

Oklahoma City is installing its first digital signs to the interior of the streetcars as an added value amenity to both customers and sponsors.

Oklahoma City Streetcar Asset	Quantity	Price/Year	Annual Revenue
Streetcars (not yet sponsored)	7		
Stations (91% sponsored)	22		
Actual annual revenue			\$539,000

Milwaukee Streetcar (The HOP)

The City of Milwaukee owns the Milwaukee Streetcar, called “[The Hop](#).” The City contracts with TransDev for operations and maintenance, but the sponsorship program is managed in-house by city staff.

The Hop is unique in that it attracted a presenting sponsor for the entire system when it launched in 2018. Potawatomi Hotel & Casino is providing \$10 million over 12 years to support the streetcar. No other modern streetcar system has launched with a presenting sponsor. The system is referred to as “The Hop Streetcar Presented by Potawomoti Hotel & Casino,” and the sponsor’s logo is on all cars and materials. The sponsorship also covers all fares for the system during the first year of operations. The system sponsor resulted from Milwaukee City Hall’s leadership, including negotiations directly between city council members and the casino, demonstrating the value of elected leaders engaging in the sponsor recruiting process.

The City of Milwaukee retained the ability to sell additional sponsorships to support the streetcar and recently began marketing the program with a local creative firm (2-Story). The stations are priced at \$2,000/month and cars are priced at \$10,000/month. Because the program just launched, they have not sold any additional sponsorships.



Milwaukee Streetcar Asset	Quantity	Price/Year	Annual Revenue
The Hop Streetcar (sponsored)			\$10 million over 12 years
Streetcars	5	\$120,000	\$600,000
Stations	10	\$24,000	\$240,000
Potential annual revenue			\$1,673,333
Actual annual revenue			\$833,333

Tucson Streetcar (Sun Link)

The [Sun Link Streetcar](#) in Tucson, Arizona, is a service of the regional transit provider, Sun Tran, which also manages bus operations in Tucson. Operations and maintenance for both bus and streetcar are contracted out to RATPDev and advertising/sponsorship for all assets is contracted through Sun Tran with Lamar Outdoor Advertising.

The SunLink streetcar is 3.9 miles long with 21 stations and eight streetcars. As of June 2019, all eight streetcars were sponsored, generating \$280,800 in revenue for Sun Tran via Lamar along with additional revenues generated on the bus system. Streetcar sponsorships include a partial (\$31,000/year) or full (\$39,000/year) wrap of the vehicle for one year and does not include interiors.

Sun Link does not sell advertising or sponsorships at the stations.

Milwaukee Streetcar Asset	Quantity	Price/Year	Annual Revenue
Streetcars	8		\$280,000
Actual annual revenue			\$280,000

Atlanta Streetcar

MARTA took over the operation of [Atlanta Streetcar](#) in July 2018. There are four streetcars in the fleet, but only two cars are out on the four-mile loop on any given day. Daily ridership is estimated at 300-400 people.

Outfront Media added Atlanta Streetcar to their contract with MARTA beginning October 2018. Streetcar wraps are available for \$20,000 per four-week period. Advertising is limited to vehicle wraps, and there is no signage or audio inside the streetcar. There is currently no space for advertising inside the 12 shelters, though Outfront hopes to add this option.

Currently two of the four streetcars have advertising in place. One advertiser has signed an agreement for one year. Generally, all four streetcars have advertising during football, baseball, and basketball seasons.



Atlanta Streetcar Asset	Quantity	Price/Year	Annual Revenue
Streetcars	4	\$20,000 for 4 weeks	\$960,000
Actual annual revenue			\$260,000

HISTORIC STREETCAR SYSTEMS

Philadelphia Streetcar (SEPTA)

The Southeastern Pennsylvania Transportation Authority (SEPTA) operates a [historic streetcar system](#) in Philadelphia with 150 streetcars on five lines. SEPTA contracts with Intersection to manage exterior wraps on the streetcars; no interior signage is marketed for advertising. Currently, 65 percent of the streetcar fleet is covered by advertising.

SEPTA has a Minimum Annual Guarantee (MAG) contract with Intersection worth \$18 million per year covering 2,295 bus, streetcar and other rail vehicles as well as 270 stations. SEPTA also shares a percent of revenues above the agreed-upon minimum.

San Francisco Historic Streetcar

The San Francisco Municipal Transportation Agency (SFMTA) has oversight over the Municipal Railway ([Muni](#)) public transit, which includes the historic streetcar (see photo). The advertising program for the entire system is contracted out through an agreement with Intersection.

Advertising opportunities on the historic streetcars (not the iconic cable cars) are limited to interior signage. Cost is \$352 per sign for a four-week period. A “Dominate” option is available for the entire car for \$5,100 per four-week period. Currently, 23 cars have advertising with approximately 14 ads each (three different size options). Guaranteed minimum revenue to the SFMTA for FY18/19 was \$6 million (for approximately 1,055 vehicles). Actual payments have been slightly above the minimum for the past two years.



TECO Line Streetcar (Tampa Bay)

The [TECO Line Streetcar](#) in Tampa Bay, Florida is managed by the non-profit Tampa Historic Streetcar, Inc. with operations provided by contract with the Hillsborough Area Regional Transit Authority (HART). The City of Tampa provides support through traffic management, police response, or other activities related to managing the operation. The TECO Line has 10 historic streetcars and 11 stations.

The TECO Line is named for Tampa-based TECO Energy, which purchased naming rights to the system in perpetuity for a one-time payment of \$1 million. In addition, two of the streetcars are sponsored in perpetuity for one-time payments of \$250,000 each, and two of the stations have committed sponsors for thirty years generating \$175,000 in revenue.



The remainder of the sponsorship program is managed in-house by HART staff. Stations are available for sponsorship at \$10,000-\$30,000 per year, and streetcars are advertised at \$250,000 per year. HART staff indicated they are in the process of revamping their sponsorship program.

ADDITIONAL INFORMATION

Toronto Transportation Commission (TTC) sells advertising on its roughly 225 streetcars through Pattison Outdoor. Pricing is \$6,500 (USD) per month for a partial wrap and \$27,000 (USD) per month for a full wrap. TTC receives either a minimum annual guarantee or a revenue share, whichever is greater.

D.C. Streetcar does not presently have any sponsorship or advertising program.

Cincinnati Streetcar contracts out sponsorship and advertising, but PSI was unable to obtain pricing or revenue information from the advertising agency.